
OLR Bill Analysis

HB 6513

AN ACT CONCERNING THE BUDGET AND SPECIAL ASSESSMENT APPROVAL PROCESS IN COMMON INTEREST COMMUNITIES.

SUMMARY:

This bill changes requirements under the Common Interest Ownership Act (CIOA) for approval of annual budgets and special assessments.

Under current law, common interest community annual budgets and special assessments are approved unless a majority of all unit owners, or a larger number specified in the association's declaration, votes to reject them.

The bill instead provides that a proposed budget or assessment is rejected if (1) a majority of all unit owners participating in the vote rejects it and (2) at least one-third of unit owners entitled to vote on the measure vote to reject it. Otherwise, the budget or assessment is deemed approved.

Under existing law and the bill, the absence of a quorum in the vote does not affect the budget's or assessment's approval or rejection.

By law, if the unit owners reject a proposed budget, the last approved budget continues until they approve a subsequent budget. Also, unit owner approval is not required for special assessments that are (1) small relative to the association's budget (unless the declaration or bylaws provide otherwise) or (2) needed in an emergency (see BACKGROUND).

The bill also makes technical changes.

EFFECTIVE DATE: October 1, 2013

BACKGROUND

Common Interest Ownership Act

CIOA governs the creation, alteration, management, termination, and sale of condominiums and other common interest communities (CGS § 47-200 et seq.).

Generally, CIOA applies to common interest communities created in Connecticut on or after January 1, 1984. However, certain provisions of CIOA (including the provisions that this bill amends) apply to common interest communities created in Connecticut before January 1, 1984 but do not invalidate existing provisions of the communities' governing instruments. Common interest communities created before then can amend their governing instruments to conform to portions of CIOA that do not automatically apply (CGS §§ 47-214, -216, -218).

Special Assessments Not Requiring Owner Approval

Under CIOA, unless the association's declaration or bylaws provide otherwise, if a special assessment, together with all other special and emergency assessments the board proposed in the same calendar year, do not exceed 15% of the association's last adopted budget for that year, the assessment is effective without unit owner approval.

CIOA also allows a special assessment to take effect immediately if the executive board determines by a two-thirds vote that it is necessary to respond to an emergency and it promptly provides notice of the emergency assessment to all unit owners. The board may spend emergency assessment receipts only for the purposes described in its vote.

Related Bill

SB 1103, reported favorably by the Judiciary Committee, changes the approval requirements under CIOA for assignments of the right to future income as security for loan agreements. It provides that the assignment is approved unless a majority of unit owners votes against it, rather than approved only if a majority votes for it.

COMMITTEE ACTION

Judiciary Committee

Joint Favorable

Yea 42 Nay 2 (04/12/2013)